Appendix B - Examples of Line Extension Calculations

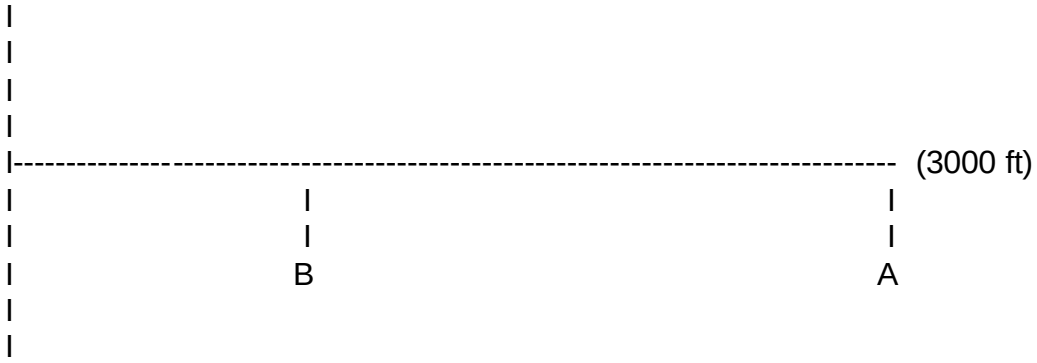
I. First Action -- Initial line extension built – 3000 ft

Costs

Action		Ft from primary line	Cost
I (customer A)	Initial line extension	3000	A: $18,000

Appendix B - Examples of Line Extension Calculations

II. Second Action: One new service drop added



Cost Allocation (calculations do not reflect deprectiation)

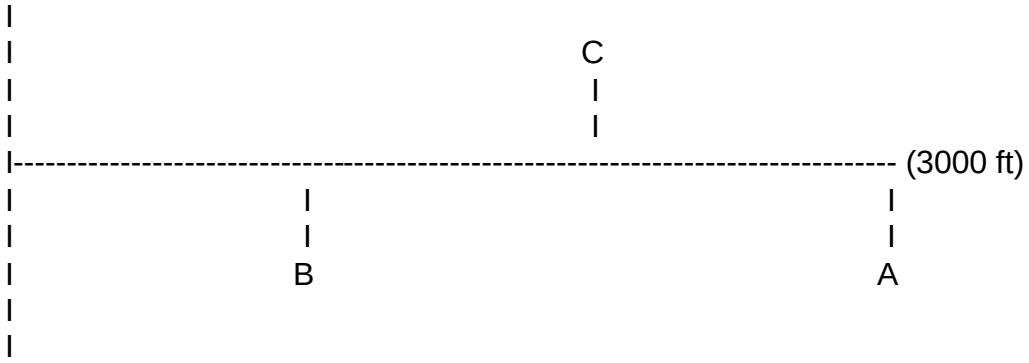
Action		Ft from primary line	Calculation of feet allocated to each customer	Calculation of share paid by each customer to cost of initial line extension	Cost Allocation after each action
I (customer A)	Initial line extension	3000	3000 ft paid by A		A: $18,000
II (customer B)	1st additional extension	1000	1000/2 = 500 ft shared by A ,B 2000 ft paid by A	A: (500 +2000) / 3000 = .8333 B: 500 / 3000 = .1667	A: .8333x$18,000 = $15,000 B: .1667x$18,000 = $ 3,000

Payments After Action II

Customer	Calculation of Payment Made	Calculation of Payment Received
A		$18,000 - $15,000 = $3,000
B	$3,000	

Appendix B - Examples of Line Extension Calculations

III. Third Action: Second New Service Drop Added



Cost Allocation (calculations do not reflect deprectiation)

Action		Ft from primary line	Calculation of feet allocated to each customer	Calculation of share paid by each customer to cost of initial line extension	Cost Allocation after each action
I (customer A)	Initial line extension	3000	3000 ft paid by A		A: $18,000
II (customer B)	1st additional sevice drop	1000	1000/2 = 500 ft shared by A ,B 2000 ft paid by A	A: (500+2000) / 3000 = .8333 B: 500 / 3000 = .1667	A: .8333x$18,000 = $15,000 B: .1667x$18,000 = $ 3,000 Total: $18,000
III (customer C)	2nd additional service drop	2000	1000/3 = 333 ft shared by A,B,C 1000/2 = 500 ft shared by A,C 1000 ft paid by A	A: (333+500+1000) / 3000 = .6111 B: 333 / 3000 = .1111 C: (333+500)/3000 = .2778	A: .6111x$18,000 = $11,000 B: .1111x$18,000 = $ 2,000 C: .2778x$18,000 = $ 5,000 Total $18,000

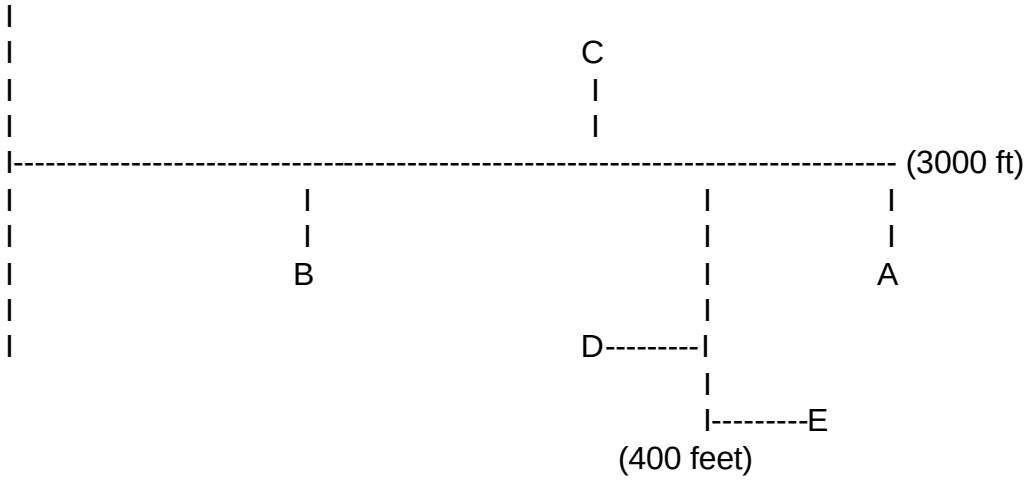
Appendix B - Examples of Line Extension Calculations

Payments After Action III

Customer	Calculation of Payment Made	Calculation of Payment Received
A		$15,000 - $11,000 = $4,000
B		$ 3,000 - $ 2,000 = $1,000
C	$5,000	

Appendix B - Examples of Line Extension Calculations

IV. Fourth Action: New Line Extension Added, with two service drops on the line



Cost Allocation (calculations do not reflect deprectiation)

Action		Ft from primary line	Calculation of feet allocated to each customer	Calculation of share paid by each customer to cost of initial line extension	
I (customer A)	Initial line extension	3000	3000 ft paid by A		A: $18,000
II (customer B)	1st additional sevice drop	1000	1000/2 = 500 ft shared by A ,B 2000 ft paid by A	A: (500+2000) / 3000 = .8333 B: 500 / 3000 = .1667	A: .8333x$18,000 = $15,000 B: .1667x$18,000 = $ 3,000 Total: $18,000
III (customer C)	2nd additional service drop	2000	1000/3 = 333 ft shared by A,B,C 1000/2 = 500 ft shared by A,C 1000 ft paid by A	A: (333+500+1000) / 3000 = .6111 B: 333 / 3000 = .1111 C: (333+500)/3000 = .2778	A: .6111x$18,000 = $11,000 B: .1111x$18,000 = $ 2,000 C: .2778x$18,000 = $ 5,000 Total $18,000

Appendix B - Examples of Line Extension Calculations

IV (customer D&E)	additional extension leading to two dwellings	2500 from primary line plus 400 foot new line extension	1000/5 = 200 ft shared by A,B,C,D & E 1000/4 = 250 ft shared by A,C,D,E 500/3 = 167 ft shared by A,D,E 500 ft paid by A In addition, E and F share the cost of the 400 foot line extension built solely to them for 10 years.	A: (200+250+167+500)/3000 = .3723 B: 200 / 3000 = .0667 C: (200+250) / 3000 = .1500 D: (200+250+167) / 3000 = .2055 E: (200+250+167) / 3000 = .2055	A .3723x$18,000 = $ 6,700 B: .0667x$18,000 = $ 1,200 C: .1500x$18,000 = $ 2,700 D: .2055x$18,000 = $ 3,700 E: .2055x$18,000 = $ 3,700 Total $18,000

Payments After Action IV

Customer	Calculation of Payment Made	Calculation of Payment Received
A		$11,000 - $ 6,700 = $4,300
B		$ 2,000 - $ 1,200 = $ 800
C		$ 5,000 - $ 2,700 = $2,300
D	$3,700	
E	$3,700	